

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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STATE-TRADING ENTERPRISES

Notifications Pursuant to Article XVII:4(a)

FEDERAL REPUBLIC OF GERMANY

The products which come under the common agricultural policy will henceforth be the object of a set of measures whose application is governed by the obligations of the Community. The Commission of the European Economic Community will transmit you a communication concerning these products.

I. Enumeration of State-trading enterprises

(a) Spirits monopoly

This monopoly comprises:

Ethyl alcohol, spirits (mixtures of ethyl alcohol and water) and brandy (spirits with a considerable content of secondary ingredients giving the taste and smell).

They are subject to the import monopoly of the Federal Monopoly Administration, unless a general exemption from the import prohibition is provided by legal prescriptions or unless the Federal Monopoly Administration has expressly authorized importation. Legal exemptions from the import prohibition exist for rum, arrack, cognac and liqueurs. For armagnac, whisky, gin and geneva, a general import licence of the Federal Monopoly Administration is deemed to have been granted provided that particular conditions are fulfilled.

(b) Inflammables monopoly

This monopoly comprises:

Inflammables, inflaming chips, inflaming sticks made of straw, board or any other material, vestas made of stearine, wax or similar materials.

(c) Marketing laws

For four groups of products there are existing marketing laws (reproduced in translation in document MGT/47/57, Annex III), according to which, in addition to a number of products whose legal status has been appreciably modified by the common agricultural policy of the EEC, as of 15 December 1962, the following products are still subject to the national marketing organization.

Laws

Products covered

Sugar Law

- (a) Sugar for consumption and primary product of unrefined sugar
- (b) Residual products obtained from raw sugar, including syrups with a pure sugar content above 70 degrees

Milk and Fat Law

- (a) Milk and cream as well as specified milk products
- (b) Butter, lard (pig lard and butter lard), margarine, artificial edible fats, other refined as well as refined and hydrogenated vegetable and animal oils and fats and edible fats and oils obtained therefrom, especially vegetable fats

Grain Law

- (a) Rice
- (b) Secondary and residual products obtained in the production of sugar, beer, malt, and starch as well as potato flakes
- (c) Solid residues obtained in the production of fixed oils (oil cakes, whether or not ground, and extraction whole meals)
- (d) Fish meal, animal body meal and other fodder products of animal origin
- (e) Other fodder products containing predominantly organic matter but no products subject to EEC Regulation 19

Meat Law

- (a) Livestock (bovine cattle, calves, pigs and sheep)
- (b) Meat and parts of such animals (for human consumption) (except halves of pigs)
- (c) Meat products (treated or processed meat - including preserves - with or without addition of other foodstuffs as well as slaughtering fats).

II. Reason and purpose for introducing and maintaining the State-trading enterprise

Legal foundations

(a) Spirits monopoly

Within the Federal Republic of Germany spirits are monopolized by the Federal Monopoly Administration for spirits pursuant to the Law on the Spirits Monopoly of 8 April 1922 (Reichsgesetzblatt (I) page 405). As a financial monopoly (Article 106 of GG (Grundgesetz der Bundesrepublik Deutschland)), the Spirits Monopoly shall also cover the government demand for receipts. Moreover, it pursues important agricultural, social (particularly middle class) and political aims as well as aims of national economy.

For improving agriculture and for maintaining and increasing the productiveness of light and meagre soil, the spirits monopoly promotes the manufacture of spirits in agricultural farms and makes possible the use of surplus root crops in peak period which can hardly be utilized for other purposes in areas remote from markets (processing). The residual liquid obtained in agricultural farms from potatoes and grains when manufacturing spirits (=Schlempe) are a valuable feeding-stuff making possible the intensification of animal husbandry. The soils of these farms profit by the large quantities of fertilizers resulting therefrom. Moreover, an increase in crop yields is reached. Besides farms cultivating fruit may use profitably in their distillery surplus fruit which cannot be sold.

The economic aim of the monopoly is to supply the domestic economy, by quantities and sorts, with the spirits required and, simultaneously, to avoid over-production of spirits and to promote the sale and consumption of spirits determined for industrial and technical purposes.

In order not to endanger these intra-economic aims the manufacturing use and import of spirits must be regulated. For the import of spirits, exemptions may be granted to a large extent pursuant to the laws and measures of the Federal Monopoly Administration. In this connexion there is to be read in paragraph 3 of the Spirits Monopoly Law:

"The Reich Monopoly Administration has the exclusive right of importing spirits, with the exception of rum, arrack, cognac and liqueurs, into the area of the monopoly. Imports by others are prohibited. The Reich Monopoly Administration may grant exemptions."

(b) Inflammables monopoly

Pursuant to the Inflammables Monopoly Law of 29 January 1930 (Reichsgesetzblatt (I) page 11) the inflammables are monopolized within the Federal Republic of Germany by the German Inflammables Monopoly Company.

The Inflammables Monopoly is based on the Treaty of 26 October 1929 concerning a loan granted to the German Reich. The Treaty has been concluded between the German Reich on the one hand and the Svenska Tädsticks Aktiebolaget, Stockholm-Now Jönköping (STAB) and the N.V. Financieele Maatschappij, Kreuger and Toll, Amsterdam, on the other which has meanwhile ceased to exist. The loan had been granted on the understanding that an inflammables monopoly was established for a certain period, i.e. up to the full redemption of the loan but for at least thirty-two years. The Inflammables Monopoly Law entered into force on 1 June 1930. The bonded debt still amounts to DM 144.73 million.

Paragraph 2 of the Inflammables Monopoly Law reads, in extracts, as follows:

"Unless otherwise provided in this Law, the inflammables monopoly comprises ... the import of inflammables from other countries into the area of the monopoly (import monopoly), ... the export of inflammables to other countries from the area of the monopoly (export monopoly) ..."

(c) Marketing laws

The four marketing laws which, though not completely uniform, serve the same aim, to regulate and secure the sale of products in the domestic market as well as the supply to the population. In this way it is intended to secure continuous market conditions and particularly stable prices compatible with the production costs, on the one hand, and the purchasing on the other or to keep the market prices of products with legally-fixed prices within the set limits. This entails repercussions on production. The regulation of sales and supplies, moreover, implies that imports are influenced through the supply schemes to be set up by virtue of the laws. On the other hand, exports are subject to approval. In addition, products covered by the marketing laws, both imported and of domestic origin, may be put on store.

The stocks of sugar are owned by sugar factories, whereas the stocks of other products are owned by import and storage agencies.

III. Description of the functioning of the State-trading enterprise

(a) Spirits monopoly

The Federal Monopoly Administration imports unprocessed alcohol to such an extent as is needed, by quantity or sort, for supplementing insufficient domestic production. The Law makes neither provision for export monopoly nor does it contain any restrictions in exports. The Federal Monopoly Administration does not take part in exporting, as exports are solely a matter of the free economy.

Under paragraph 3 of the Spirits Monopoly Law, private traders may import spirits freely. Moreover, this provision was largely supplemented through the Federal Monopoly Administration by special provisions. Exports by private traders are not subject to any restrictions or conditions.

Since the Federal Monopoly Administration has not availed itself, for decades, of its right to manufacture and sell spirits pursuant to paragraphs 83, 90 and 95 of the Spirits Monopoly Law, trade with products manufactured while using unprocessed alcohol is carried on solely by private traders. The Federal Monopoly Administration has the exclusive right of selling or importing unprocessed alcohol.

The Federal Monopoly Administration does not take part in exports. They are solely a matter of private traders and are regulated only in accordance with the competitive conditions of the free market. The quantities of unprocessed alcohol imported by the Federal Monopoly Administration depend on the domestic demand to the extent that it cannot be covered by home production. The quantities of spirit products imported depend on sales opportunities.

The export prices correspond to domestic prices excluding tax and monopoly charges. The products imported are not subject to any addition to the price. According to the tax and monopoly charges in connexion with home-produced spirits they are subjected to compensatory charges, the so-called monopoly compensation. Long-term contracts are not concluded by the Federal Monopoly Administration. The Monopoly does not serve to fulfil contractual obligations entered into by the Government.

(b) Inflammables monopoly

Within the Federal Republic, the manufacturers of inflammables are partners of the Inflammables Monopoly Company. They share in the overall demand of the Monopoly Company according to so-called quotas determined by the Monopoly Company. In addition to the taxes on inflammables, the Monopoly Company pays for inflammables to be delivered by manufacturers at fixed transfer prices. These inflammables are sold, at monopoly prices, to traders who sell them to consumers at fixed retail prices.

Imports and exports of inflammables are exclusively a matter of the Monopoly Company. Up to now, inflammables have neither been imported nor exported.

Private traders are not permitted to import or export inflammables. The methods of State trading are used to fulfil contractual obligations entered into by the Federal Government.

(c) Marketing laws

The regulation of imports and storage is effected by the import and storage agencies established by the marketing laws, operating under the powers conferred on them by laws and under instructions to be given. Their function in connexion with imports is supported by the customs authorities which under the laws must not clear imports, unless approved by the respective import and storage agency.

The procedures of approval and imports provide that any proposed imports must be offered for purchase to the competent import and storage agencies. If the offered product is admitted for importation, the agency purchases it formally and resells it to the importer. If it is rejected it cannot be imported. This point is decided upon pursuant to the general principles of international agreements. The product offered by the importer is not resold to him if it shall be stored for the agency's account.

In addition to guaranteeing the keeping of stocks this procedure of "purchase and resale" offers the possibility of (a) influencing quantity, quality and date of imports and (b) regulating in the case of certain products the price at which they are sold on the domestic market.

The possibility of importing products covered by the marketing laws is announced in the BUNDESANZEIGER, the quantity and quality concerned being indicated. If import applications exceed that quantity, the import and storage agencies decide which imports shall be effected. In that case the quantities applied for may be reduced proportionately or the most expensive imports may be excluded.

The influence exerted on the price at which the imported goods are sold in the domestic market is ensured by the fact that goods may be resold to the importers by the import and storage agencies at a fixed price. When no influence is exerted on the price, the purchase price offered by the importer is likewise his repurchase price. If the goods are repurchased at fixed prices the procedure has the same effect as an import charge if the domestic price exceeds the import price and as an import subsidy if the world market price exceeds the fixed domestic price. As far as the products are not imported for stockpiling (as mentioned above) they are admitted for free circulation in the domestic market as from the moment when their importation is approved.

IV. Statistical information

See Annex.

V. Reasons why no foreign trade has taken place in the products concerned

(a) Spirits monopoly

Does not apply.

(b) Inflammables monopoly

According to paragraph 3, No. 12 of the Treaty imports can only be effected if the demand cannot be covered by domestic production.

Paragraph 3, No. 12 of the Treaty reads as follows:

"The inflammables of the 'DZVAG' (Deutsche Zündholz-Vertriebs-Aktiengesellschaft - German Inflammables Monopoly Company) (see paragraph 4, section I of the Inflammables Monopoly Law) have, on principle, to be manufactured within the monopoly area. They must be kept available in such a quantity and condition as necessary to meet the domestic demand. If the deliveries of the Swedish group lag behind the quantity corresponding to their quotas, the compensation shall be effected by an increased delivery of the German group. If it is not even thereby possible to cover the demand, the "DZVAG" shall have the right to import the quantities lacking"

The capacity of the domestic manufacturing plants is, at present, utilized to about 80 per cent only.

According to paragraph 3, No. 11 of the Treaty exports can only be effected at the domestic take-over prices, increased by 10 per cent.

Paragraph 3, No. 11 of the Treaty reads as follows:

"Inflammables shall be exported at transfer prices valid for the corresponding kinds, increased by 10 per cent"

These prices are not competitive on the world market.

(c) Marketing laws

Does not apply.

ANNEXStatistical Information(a) SPIRITS MONOPOLYImports

Fiscal year	By the Federal Monopoly Administration		By private traders	
	Alcohol content in hl.	Value in DM 1,000	Alcohol content in hl.	Value in DM 1,000
1958/59	198,470	15,432	12,438	11,430*
1959/60	211,028	19,249	27,886	26,995*
1960/61	309,377	48,757	35,182	32,555*

* The values for imports that are higher compared with those of the Federal Monopoly Administration, are due to the fact that, on the one hand, spirit products and, on the other, unprocessed alcohol were imported.

Exports

Fiscal year	Effected by the Federal Monopoly Administration		Effected by private traders			
	Alcohol content in hl.	Value in DM 1,000	Unprocessed alcohol		Spirit products	
			Alcohol content in hl.	Value in DM 1,000	Alcohol content in hl.	Value in DM 1,000
1958/59	-	-	247	115	2,949	4,593
1959/60	-	-	302	124	3,462	5,061
1960/61	-	-	323	197	3,736	5,121

National Production

Fiscal year	Of alcohol in hl.	Of alcohol not taken	Of alcohol taken over by	
		over by the Federal Monopoly Administration in hl.*	the Federal Monopoly Administration	Value in DM 1,000
1958/59	1,712,190	448,961	1,263,229	166,708
1959/60	1,579,122	485,832	1,093,290	141,384
1960/61	2,047,788	595,541	1,452,247	168,286

* The value of this domestic production not taken over by the Federal Monopoly Administration can only be estimated, the estimated value being about DM 170.00 per hl. of alcohol content.

1958/59	448,961 litres of alcohol	=	DM 76,323 million	approximately
1959/60	485,832 " " "	=	DM 82,591 " "	
1960/61	595,541 " " "	=	DM 101,242 " "	

(b) INFLAMMABLES MONOPOLY

Domestic production amounted to:

79,338 million inflammables at a value of
DM 44.05 million in 1959

85,181 million inflammables at a value of
DM 48.33 million in 1960

90,100 million inflammables at a value of
DM 51.16 million in 1961

Other goods subject to monopoly have not been produced. Imports and exports were not effected.

(c) MARKETING LAWS1. Slaughter cattle (bovine cattle, calves)

	Imports	Exports	National production (Slaughtering of domestic animals)	
	Number	Number	Economic year	Number
1959	415,422	-	1958/59	4.9 million
1960	444,199	132	1959/60	5.3 million
1961	418,137	138	1960/61	5.2 million

2. Sheep for slaughtering

	Imports	Exports	National production (Slaughtering of domestic sheep)	
	Number	Number	Economic year	Number
1959	-	7,108	1958/59	610,000
1960	-	1,441	1959/60	635,000
1961	22	707	1960/61	626,000

3. Meat and edible offals of bovine cattle, of swine (including bacon and pig fat) or of sheep, fresh, chilled, frozen, salted, in salt-lake, dried or smoked

	Imports	Exports	National production (Killed weight of domestic animals)	
	in tons	in tons	Economic year	in tons
1959	134,015	15,660	1958/59	2,625,000
1960	150,189	21,794	1959/60	2,728,000
1961	161,903	12,751	1960/61	2,824,000

4. Milk and cream, fresh

	Imports in tons	Exports in tons	Economic year	National production (milk) in tons
1959	21,374	1,017	1958/59	18.3 million
1960	44,461	607	1959/60	18.9 million
1961	53,995	3,273	1960/61	19.5 million

5. Butter and butter lard

	Imports in tons	Exports in tons	Economic year	National production (butter) in tons
1959	24,509	4	1958/59	402,000
1960	24,527	4	1959/60	413,000
1961	28,078	2	1960/61	443,000

6. Dead animals and materials of animal origin, inedible
(Item 0515 10, 20, ex 50 and ex 90 Nomenclature for German Foreign Trade Statistics (Deutsches Warenverzeichnis für die Aussenhandelsstatistik))

In this connexion no separate statistical figures are available.

7. Flakes of potatoes

	Imports* in tons	Exports* in tons	National production in tons
1959	3,485	110	Data are not available
1960	1,593	223	
1961	443	799	

* Including potato-flour and potato-semolina.

8. Sugar-beet, whole or sliced, other than fresh

	Imports	Exports	National production (Slices of full sugar contents)	
	in tons	in tons	Economic year	in tons
1959	1,299	-	1958/59	-
1960	1,139	-	1959/60	-
1961	3,194	-	1960/61	19,500

9. Lard, for nutrition

	Imports	Exports	National production (crude lard)	
	in tons	in tons	Economic year	in tons
1959	28,536	1	1958/59	297,000
1960	23,606	666	1959/60	300,000
1961	22,056	101	1960/61	310,000

10. Tallow, for nutrition

	Imports	Exports	National production (crude tallow)	
	in tons	in tons	Economic year	in tons
1959	2	15,915	1958/59	38,000
1960	279	20,366	1959/60	42,000
1961	1,123	23,436	1960/61	43,000

11. Oleostearine, lard stearine, etc.

	Imports in tons	Exports in tons	National production in tons
1959	95	224	Data are not available
1960	117	280	
1961	219	287	

12. Fats and oils derived from fish or marine animals, for nutrition, refined

	Imports*	Exports*	National production (from domestic catches for nutrition, in crude fat)	
	in tons	in tons	Economic year	in tons
1959	122,223	25,985	1958/59	13,400
1960	127,666	20,931	1959/60	15,000
1961	122,412	20,462	1960/61	14,000

* Including unrefined fats and oils.

13. Fats and oils of vegetable origin, for nutrition, not crude

	Imports*	Exports*	National production (from domestic and foreign oilseeds and oil fruits for nutrition; in crude oil)	
	in tons	in tons	Economic year	in tons
1959	4,248	11,475	1958/59	400,900
1960	4,235	19,001	1959/60	432,100
1961	7,574	14,573	1960/61	474,900

* Including crude olive oil.

14. Fats and oils of animal and vegetable origin, solid or refined but not processed further, for nutrition.

	Imports in tons	Exports in tons	National production in tons
1959	337	3,166	See Nos. 12 and 13
1960	195	5,605	"
1961	245	5,375	"

15. Margarine, imitation lard and other prepared edible fats

	Imports in tons	Exports in tons	National production in tons
1959	673	2,705	649,000
1960	608	2,469	648,100
1961	269	2,288	612,600

16. Preparations of meat and sausage of beef, swine or sheep

	Imports in tons	Exports in tons	National production (industrial production only) in tons
1959	21,375	7,154	334,164
1960	15,819	7,226	381,929
1961	16,367	5,123	412,160

17. Meat extracts as well as meat juices and broths

	Imports in tons	Exports in tons	National production in tons
1959	1,623	3	-
1960	1,222	1	-
1961	1,847	1	-

18. Beet sugar and cane sugar, solid

	Imports in 1,000 tons	Exports in 1,000 tons	National production (beet sugar in white sugar equivalents) Economic year	in 1,000 tons
1959	158	37	1958/59	1,635
1960	110	33	1959/60	1,274
1961	60	1	1960/61	1,797

19. Juices and derivations from beet and cane sugar, beet and cane sugar syrup

	Imports in tons	Exports in tons	National production (sugar beets processed to beet juices) Economic year	in tons
1959	1,011	17	1958/59	56,000
1960	868	28	1959/60	50,000
1961	5,108	28	1960/61	46,000

20. Molasses, coloured or decoloured

	Imports in tons	Exports in tons	Economic year	National production in tons
1959	40,381	1	1958/59	503,700
1960	50,447	1	1959/60	479,600
1961	67,253	3	1960/61	485,500

21. Flavoured or coloured sugar (excluding vanillin sugar), with a purity degree of more than 70 degrees

	Imports in tons	Exports in tons	National production in tons
1959	8	-	Data are not available
1960	16	-	
1961	7	-	

22. Preparations for making soups or broths; soups and broths; on the basis of meat or meat extract

	Imports in tons	Exports in tons	National production in tons
1959	47	462	Data are not available
1960	111	616	
1961	597	664	

23. Yeast for feeding purposes

In this connexion no separate statistical data are available.

24. Greaves, meat meal, fish meal etc.

	Imports in tons	Exports in tons	National production of fish meal in tons
1959	157,548	1,325	Data are not available
1960	196,838	2,865	
1961	273,671	3,383	

25. Residues derived from the extraction of sugar and residues derived from the manufacture of starch, beer and malt

Imports	Exports	National production of pulp and/ or cosettes and steffen sugar pulp	Economic year	in tons
In this connexion separate statistical data are not available.			1958/59	436,000
			1959/60	499,900
			1960/61	445,600

26. Oil cake (except for the extraction of oil) and other residues derived from the extraction of vegetable oils

	Imports in tons	Exports in tons	National production in tons
1959	861,837	221,437	997,900
1960	862,676	245,754	1,039,300
1961	928,482	290,714	993,200

